

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Papa Holdings, Inc.)
The Ponzu Companies, Inc.,)
-Jonathan C. Papa, Ramon C. Papa III,)
-Thomas L. Anderson, David M.)
-Beneake, Kourosh Saroole, David J.)
-Naughton, and their Officers, Directors)
Agents, and Employees,)
Respondents.)

47175
47176
8980673
8775315

2393293
8975317
1910401
2273964

CONSENT ORDER

.....
The North Dakota Securities Commissioner has advised the Respondents, Papa Holdings, Inc., The Ponzu Companies, Inc., Jonathan C. Papa, Ramon C. Papa III, Thomas L. Anderson, David M. Beneake, Kourosh Saroole, David J. Naughton, that the Commissioner is prepared to commence formal action pursuant to North Dakota Century Code Chapter 10-04 and has determined as follows:

1. From November of 1997 through June of 1998, Respondents made at least four (4) offers to North Dakota residents to purchase Papa Holdings, Inc. stock. On November 13, 1997, Fern C. Haugen, a North Dakota resident, subscribed for and purchased an investment in Papa Holdings, Inc. stock. Subsequent to the sale to Ms. Haugen, Respondents made more offers of Papa Holdings, Inc. stock to North Dakota residents, though no other North Dakota residents purchased an investment in Papa Holdings stock.
2. Tom Hammerel, a North Dakota resident, made allegations to the Commissioner that during their solicitation to him as described above, Papa Holdings, Inc. directed Mr. Hammerel to identify himself as an accredited investor while Mr. Hammerel was did not have sufficient assets to be identified as an accredited investor. Mr. Hammerel did not invest in Papa Holdings, Inc.
3. Respondents offered and sold these securities in reliance upon SEC Rule 506. Pursuant to federal law, the Commissioner is prohibited from requiring registration for securities sold according to the provisions of SEC Rule 506, however, federal law does permit, and state law does require, that a filing be made with the Commissioner within fifteen (15) days after the first sale in this state. Respondents did not make a filing with this state as required by state law.
4. On July 23, 1998, the Commissioner issued a Cease and Desist Order, Notice of Civil Penalty, and Notice of Right to Request a Hearing.

5. Pursuant to §10-04-16 N.D.C.C., whenever it shall appear to the Commissioner that any person has engaged in any act or practice that is declared illegal in Ch. 10-04 N.D.C.C., the Commissioner may issue any order and collect civil penalties in an amount not to exceed \$10,000 for each violation.

6. The violations described above constitute sufficient grounds for the imposition of civil penalties under Ch. 10-04 N.D.C.C.

7. Respondents waive their right to a hearing in this matter and to present arguments to the Commissioner.

8. Respondents acknowledge their right to be represented by legal counsel throughout this proceeding, and have agreed to an informal disposition of this matter, and have affirmatively waived their right to a hearing before the Commissioner on this matter.

9. The following Order is necessary and appropriate in the public interest.

NOW, THEREFORE, IT IS ORDERED, THAT:

1. Respondents shall not transact any securities business with any person in North Dakota unless registered as a dealer or properly exempted under Ch. 10-04 N.D.C.C.

2. Respondents shall not employ any person to represent them as a securities salesman for any securities business with any person in North Dakota unless such person is registered as a salesman or properly exempted under Ch. 10-04 N.D.C.C.

3. Respondents collectively shall pay a civil penalty of \$2,500 to the Office of the Securities Commissioner pursuant to § 10-04-16 N.D.C.C.

4. Respondents shall, within ten (10) days of the date of this order, make an offer of rescission, pursuant to §10-04-17 N.D.C.C., to each North Dakota resident who purchased Papa Holdings, Inc. stock from Respondents. Such Rescission offer, made in a form approved by the Commissioner, shall provide for the payment of the full purchase price plus 6% interest from the date of the purchase and shall allow the investor thirty (30) days to accept or reject the rescission offer. If accepted, Respondents shall make the rescission within ten (10) days from the date of the acceptance of the rescission offer.

5. The Cease and Desist Order, Notice of Civil Penalty, and Notice of Right to Request a Hearing, issued by the Commissioner on July 23, 1998 is hereby revoked.

6. This Order shall be effective upon signature of the Commissioner.

Dated at Bismarck, North Dakota, this 18th day of January, ~~1998~~ ¹⁹⁹⁹.



Syver Vinje

Syver Vinje
North Dakota Securities Commissioner
State Capitol-5th Floor
600 East Boulevard Ave.
Bismarck, ND 58505-0510
(701) 328-2910

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Papa Holdings, Inc.)
The Ponzu Companies, Inc.,)
Jonathan C. Papa, Ramon C. Papa III,)
Thomas L. Anderson, David M.)
Beneake, Kourosh Saroole, David J.)
Naughton, and their Officers, Directors)
Agents, and Employees,)
Respondents.)

CONSENT TO ENTRY
OF ORDER

RECEIVED

JAN 12 1999

SECURITIES COMMISSIONER
STATE OF NORTH DAKOTA

The undersigned, acting on behalf of the Respondents, state that he/she has read the foregoing Consent Order, and that he/she know and fully understands its contents and effects. The undersigned attests that he/she is authorized to execute this Consent to Entry of Order on behalf of the Respondents. The Undersigned further acknowledges that Respondents have waived their right to a hearing with respect to this matter; and that Respondents consent to entry of the Consent Order by the Securities Commissioner without admitting or denying the findings of fact and conclusions of law contained herein. It is further expressly understood that the Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

Dated this 7th day of January, ~~1998~~ 1999 ZDN.

By: DAVID J. NAUGHTON
(Type or Print Name)

Signed: [Signature]
Capacity: DIRECTOR

Subscribed and Sworn before me this 7th day of JANUARY, ~~1998~~ 1999

[Signature]
Notary Public
State: CALIFORNIA County: LOS ANGELES
My Commission Expires: 12/23/01

(Notary Seal)

